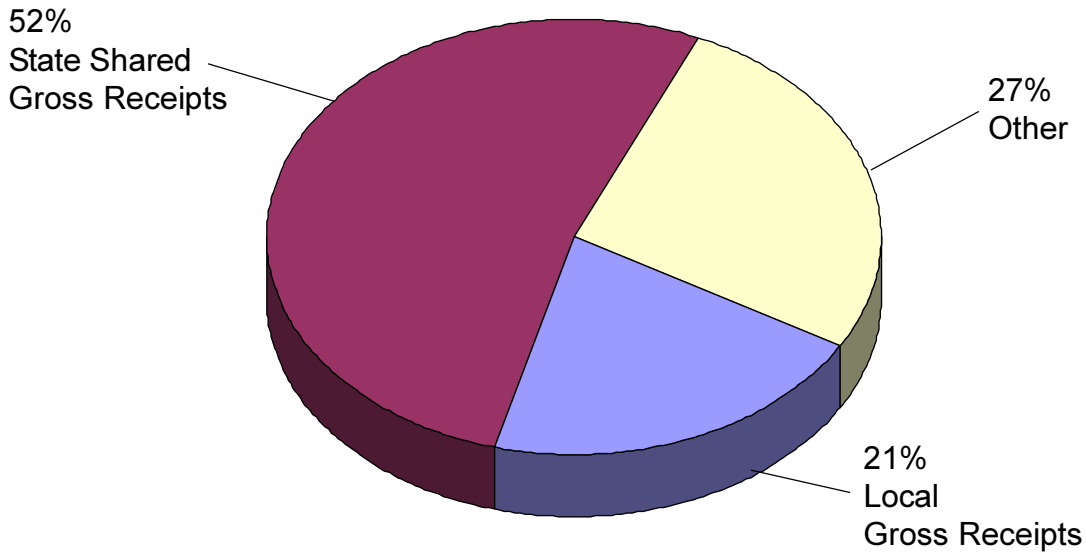


GENERAL OPERATING FUND REVENUE SOURCES

GROSS RECEIPTS TAXES VS. OTHER SOURCES

Fiscal Year 2003-2004



Local Gross Receipts	\$ 12,900,013
State Shared Gross Receipts	32,616,549
Other	16,481,682
<hr/>	
Total General Fund Resources	\$61,998,244

The major source of revenue for the General Fund is the State Shared Gross Receipts Tax, which accounts for over half (52%) of the total revenues projected. Combined with the Local Gross Receipts Tax, 73% of the General Fund revenues are generated by these two sources.

CITY OF SANTA FE
GENERAL OPERATING FUND
AVAILABLE SOURCES OF REVENUE

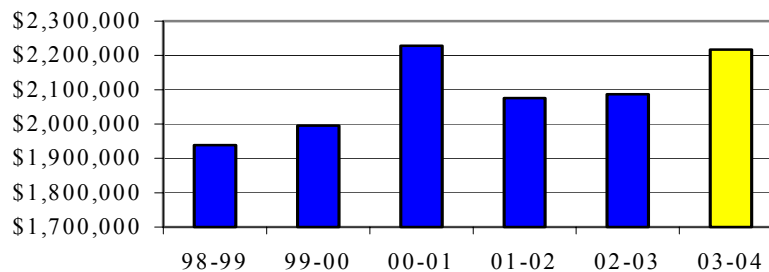
Locally Imposed Taxes

Franchise Taxes - The city imposes a fee on the gross receipts of private utilities doing business within the city. The tax is usually imposed when the municipality contracts with utilities to provide gas, electric, telephone, or cable TV services for the use of city right-of-way.

Analysis:

Listed below are the past five years of actual revenue with the percent of increase or decrease. In FY 2000/01, the increased revenue was largely due to a sharp increase in natural gas prices and colder weather. Similarly, the decreased revenue was based on a combination of milder weather and lower natural gas prices.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	1,938,304	<2.7>
1999/00	1,995,789	3.0
2000/01	2,228,713	1.2
2001/02	2,075,036	<6.9>
2002/03	2,086,182	.01
2003/04	2,217,000	6.3



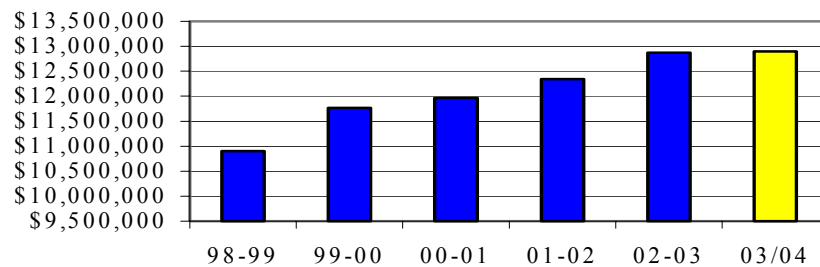
Municipal Gross Receipts Tax - Tax authorized pursuant to New Mexico State Statutes and implemented by local governments with tax collected from retailers on goods and services sold. The State of New Mexico gives local governments authority to enact a gross receipts (GRT) tax up to 1.5625%. The City of Santa Fe is at this maximum level.

Analysis:

Listed below are the past five years of actual revenue collected in municipal gross receipt tax authorized for general municipal purposes and the amount budgeted for the current fiscal year.

For FY 2003/04, the revenue estimate is essentially flat with a 0.22 increase over the FY 2002/03 actual revenue of \$12,872,078. The 2003/04 estimate is conservative considering the slowly improving trend in gross receipts during the past fiscal year. Adjusting gross receipts revenue is possible at midyear if the signs of economic recovery continue and municipal gross receipts tax revenue continues to improve.

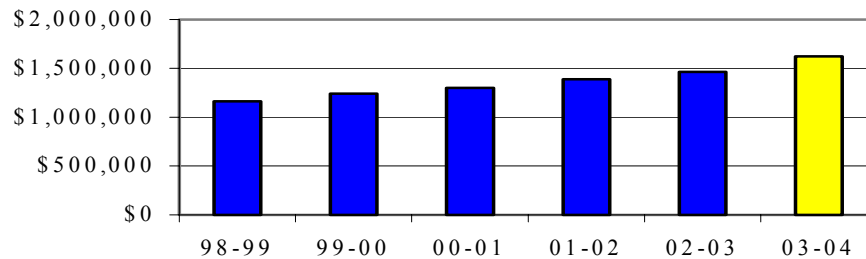
<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	10,899,721	7.7
1999/00	11,764,660	7.9
2000/01	11,961,483	.2
2001/02	12,344,510	3.2
2002/03	12,872,078	4.3
2003/04	12,900,013	.2



Property Taxes - Are levied and collected by the Santa Fe County Treasurer on behalf of the city. The county remits to the city, on a monthly basis, a percentage of the collections made during that period. The percentage is calculated by the county based upon the amounts collected, the mill levy and the proportion of city taxpayers to the county as a whole.

Listed below are the past five years of actual revenue and proposed estimate with the percent of increase or decrease. The revenue estimate for fiscal year 2003/04 is based on preliminary data provided by the State Department of Finance Administration - Local Government Division. It reflects growth in the property tax base.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	\$1,162,711	5.6
1999/00	1,239,806	6.6
2000/01	1,300,305	4.9
2001/02	1,388,393	6.7
2002/03	1,462,019	5.3
2003/04	1,625,045	11.2

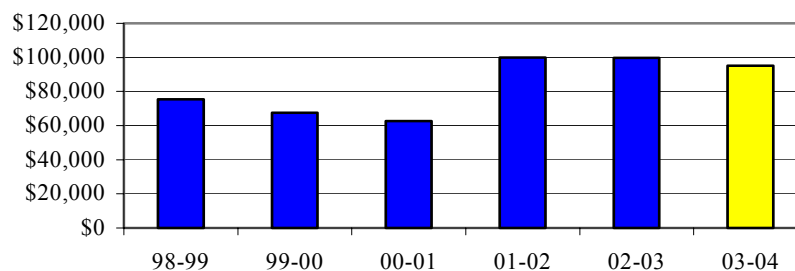


Cigarette Tax - The state of New Mexico collects tax on every pack of cigarettes and returns 2 cents per pack for general operating purposes to the city in which the cigarettes were purchased. An additional 1-cent per pack is returned and earmarked for recreation purposes and is budgeted in the Recreation Fund (2705).

Analysis:

Cigarette tax collections decreased over several years but increased significantly in 2001/02. Collections continued at the 2001/02 rate in 2002/03. The downward trend seen in previous years was the result of reduced consumption caused by advertising. National anti-smoking campaigns appear to be having less effect on tobacco sales.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	75,423	<33.7>
1999/00	67,518	<11.5>
2000/01	62,671	<7.2>
2001/02	99,908	59.4
2002/03	99,801	<0.1>
2003/04	95,000	<4.8>

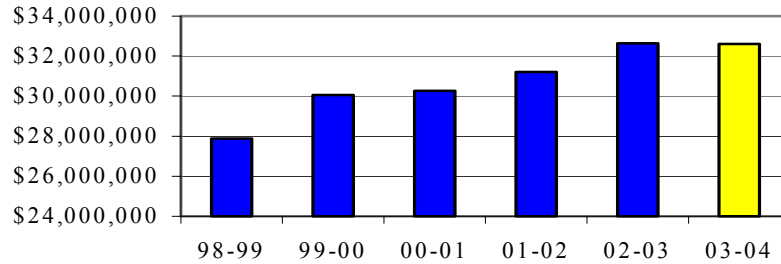


State-Shared Taxes

Gross Receipts Tax - This is the major source of revenue for municipalities in New Mexico and makes up about 53.5% of the total general operating fund revenues for the city of Santa Fe. Statewide, a 5% gross receipt tax is imposed; however, a credit of up to one-half of 1% is allowed for local gross receipts taxes imposed by municipalities. An increment of 1.225% is then returned to the municipality in which the tax is collected.

For FY 2003/04, the revenue estimate established is flat compared to the FY 2002/03 actual revenue of \$32,634,809. Trends will be closely analyzed over the course of the fiscal year and this line may be adjusted during the mid-year review.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	\$27,876,272	5.6
1999/00	30,050,062	7.8
2000/01	30,268,370	0.1
2001/02	31,212,009	3.1
2002/03	32,634,809	4.6
2002/04	32,616,549	<0.1>



The city's current gross receipts tax rate is 6.6875 cents per dollar. Out of the state's 4.500 cents, the state keeps 2.775 cents and distributes back to the city 1.225 cents. A quarter-cent goes for funding of the bus system, quality of life projects and supplements general operations for revenue losses attributed to the one-eighth percent reductions made by the state; another quarter-cent goes to the county indigent fund to assist those who cannot afford health care; an eighth-percent funds general county operations; a one-sixteenth percent funds municipal solid waste improvements; another one-sixteenth percent funds improvements associated with the wastewater collection and treatment systems; a one-sixteenth percent funds the debt service payment for the acquisition of the railyard property and other general fund purposes, a one-sixteenth percent funds 15 additional police officers and related costs; and a one-sixteenth percent funds Chavez Center operations. The one-cent per dollar left is used to fund the city's capital improvements program and general city operations. The county component will increase in January 2003 from an eighth to a quarter percent; this increase will be shared with the City, primarily to fund water projects.

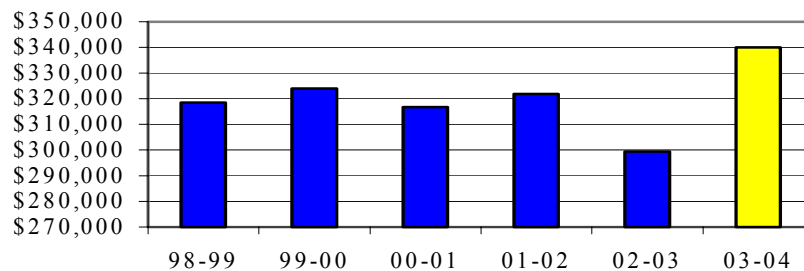
GROSS RECEIPTS TAX	
effective Jan. 2003	
FOR EVERY \$1 IN SALES, 6.6875 CENTS IS COLLECTED IN GROSS RECEIPTS TAX	
DISTRIBUTED TO:	CENTS
The State (1.225 is returned to the city)	4.500
City Capital Improvement Plan	0.500
General City Operations	0.500
County Indigent Fund	0.250
County Operations	0.125
County Capital	0.250
Mun. G.R.T. (Bus System, Quality of Life, Revenue Loss)	0.250
Mun. G.R.T. Environmental (WW)	0.0625
Mun. G.R.T. Infrastructure:	
Solid Waste	0.0625
Railyard	0.0625
Police	0.0625
Chavez Center	0.0625
TOTAL	6.6875

Automobile Licenses - The state of New Mexico collects fees for each motor vehicle registration and driver's license issued from a Motor Vehicle Department field office within each county. A percentage of these fees are then distributed to each city in proportion to the registration fees collected.

Analysis:

The amount of collections is estimated to increase 13.5% over the FY 02/03 actual revenue of \$299,457. With the growing population and registrations, it is possible that the decrease noted in FY 02/03 may be due to delayed receipt of the city's portion of licensing fees.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	\$318,431	6.4
1999/00	323,999	1.7
2000/01	316,716	<2.2>
2001/02	321,857	1.6
2002/03	299,457	<7.5>
2003/04	340,000	13.5



Fees and Services

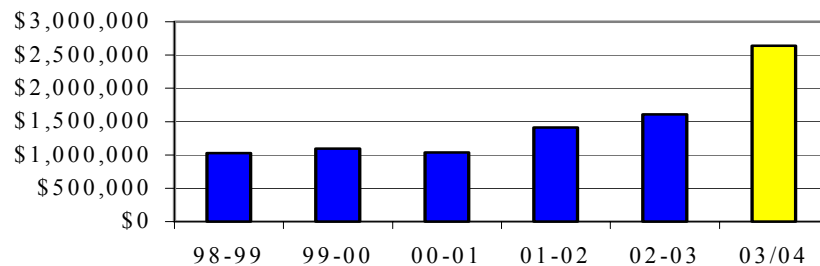
Planning Fees – Fees charged as authorized by the governing body to developers and citizens for services provided by the Planning and Development Department. The planning fee structure was reviewed and revised during the budget development process for FY 2003/04 to be comparable to those charged by other New Mexico municipalities and to more accurately reflect the cost of providing services.

Analysis:

Listed below are the past five years of actual revenue in planning fees collected for general municipal purposes and the amount budgeted for the current fiscal year.

For FY 2003/04, the revenue estimate includes a significant increase of 64.0% over the FY 2002/03 actual revenue of \$1,609,376. The 2003/04 estimate is based on the projected impact of new fees, increases in other fees, and continued emphasis on the collection of fees due in processing permits. Planning fee revenues will be reviewed at midyear with possible adjustments.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	1,025,180	17.5
1999/00	1,093,267	6.6
2000/01	1,034,432	<5.38>
2001/02	1,410,560	36.4
2002/03	1,609,376	14.1
2003/04	2,638,779	64.0

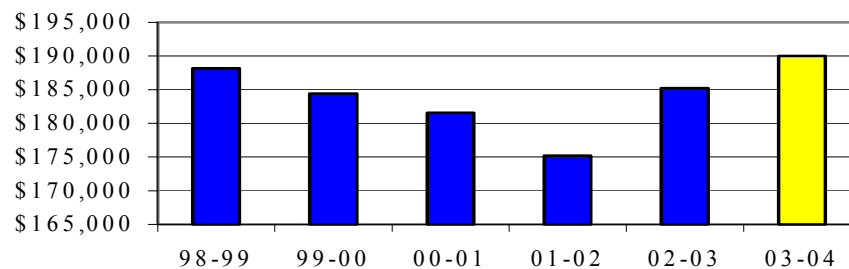


Business Registrations - Fee imposed on each place of business conducted in the city and not licensed pursuant to Section 3-38-1 NMSA 1978. The current business registration fee is \$35 and is payable on March 16th of each year and may not be prorated for any portion of the year.

Analysis:

Listed below are the past five years of actual revenue with the percent of increase or decrease. The city has not experienced any significant increase in new business establishments, during the current fiscal year. There had been a gradual but consistent decrease in the amount of revenue from business registration for prior fiscal years suggesting that businesses may not be renewing their registrations. This trend was reversed during FY 2002/03 indicating renewed emphasis on registration.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	\$188,183	5.3
1999/00	184,391	<2.0>
2000/01	181,581	<1.5>
2001/02	175,197	<3.5>
2002/03	185,200	5.7
2003/04	190,000	2.6

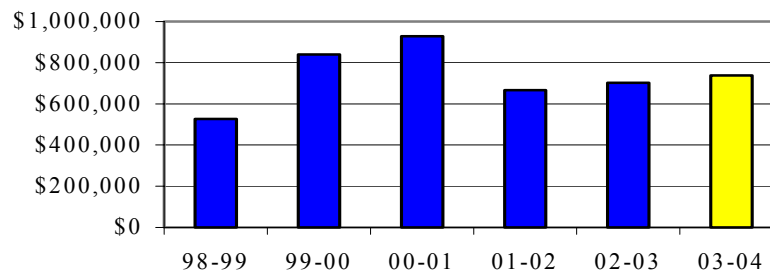


Ambulance Service - The city of Santa Fe Fire Department operates the Ambulance/Emergency Medical Services for the city. Fees for services are regulated by the New Mexico State Corporation Commission under a rate tariff. Basic services are billed at the rate of \$275 for the basic life or \$325 advanced life with additional fees for other services as provided. The Accounts Receivable Section is responsible for monthly billing and collection for services provided.

Analysis:

The city has aggressively pursue the collections of ambulance billings through contact with clients, insurance companies and other benefit providers, as well as referring clients to assistance programs. The increased revenue beginning in FY 1999/00 reflects the increase in the fees allowed by the New Mexico State Corporation Commission. The decline in revenue in 2001/02 was the result of a backlog of unbilled services due to understaffing in the accounts receivable section during that period.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	\$526,580	39.3
1999/00	839,543	59.4
2000/01	929,115	10.7
2001/02	665,704	<28.4>
2002/03	701,273	5.4
2003/04	737,000	5.1



Interest on Investments

Interest earnings are derived from the investment of temporarily-idle cash. Effective cash management coordinates revenue and expenditure forecasts in a pattern designed to minimize cash on hand.

Analysis:

The significant decline in investment interest that began in FY 2001-02 reflects Federal Reserve action to reduce interest rates and support recovery from recession. The prospect of continued low interest rates, while conducive to economic stimulation, will continue to retard interest earnings on city investments.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
1998/99	\$620,881	6.9
1999/00	615,248	<1.0>
2000/01	601,435	<2.2>
2001/02	541,113	<10.0>
2002/03	435,552	<24.2>
2003/04	339,000	<28.5>

